

## **MINUTES**

### **MONTANA SENATE 56th LEGISLATURE - REGULAR SESSION**

#### **COMMITTEE ON FINANCE AND CLAIMS**

**Call to Order:** By **VICE CHAIRMAN TOM KEATING**, on February 15, 1999 at 4:34 P.M., in Room 108 Capitol.

#### **ROLL CALL**

**Members Present:**

Sen. Chuck Swysgood, Chairman (R)  
Sen. Tom Keating, Vice Chairman (R)  
Sen. Tom A. Beck (R)  
Sen. Chris Christiaens (D)  
Sen. Greg Jergeson (D)  
Sen. Bob Keenan (R)  
Sen. J.D. Lynch (D)  
Sen. Ken Mesaros (R)  
Sen. Ken Miller (R)  
Sen. Arnie Mohl (R)  
Sen. Linda Nelson (D)  
Sen. Debbie Shea (D)  
Sen. Daryl Toews (R)  
Sen. Mignon Waterman (D)

**Members Excused:** Sen. William Crismore (R)  
Sen. Eve Franklin (D)  
Sen. Dale Mahlum (R)  
Sen. Mike Taylor (R)

**Members Absent:** None.

**Staff Present:** Shannon Gleason, Committee Secretary  
Clayton Schenck, Legislative Branch

**Please Note:** These are summary minutes. Testimony and discussion are paraphrased and condensed.

**Committee Business Summary:**

Hearing(s) & Date(s) Posted: HB 3, SB 368, SB277, SB 278-  
287, 2/14/1999  
Executive Action: HB 3, SB 45

HEARING ON HB 3

Sponsor: REP. TOM ZOOK, HD 3, MILES CITY

Proponents: Dave Lewis, Budget Planning Office  
Patrick Chenovick, Mt. Supreme Court  
Beth Baker, Department of Justice  
Linda Vaughey, Political Practices, Informational  
Testimony

Opponents: None

Opening Statement by Sponsor:

REP. ZOOK stated this was a supplemental bill and he was pleased it was the smallest in several years. REP. ZOOK advised most of the money was in Department of Natural Resources and was tied to the forest fire costs.

Proponents' Testimony:

Dave Lewis, Budget Office, handed out EXHIBIT(fcs37a01), background of the ARCO litigation, and advised the committee he was there for questions.

Patrick Chenovick, Montana Supreme Court, handed out EXHIBIT(fcs37a02), Supreme Court Judges' Retirement System, and advised the committee he was there for questions.

Beth Baker, Department of Justice, handed out EXHIBIT(fcs37a03) and advised the committee she was there for questions.

Linda Vaughey, handed out EXHIBIT(fcs37a04) and EXHIBIT(fcs37a05), letter from the Commissioner of Political Practices.

Questions from Committee Members and Responses:

Vice Chairman Keating commented there was some urgency with this bill and asked Mr. Lewis what the problem was. Mr. Lewis advised there were two agencies that had exhausted their funding and termination notices would have to be sent if the bill did not get acted on today. Pat Haffey, Labor and Industry, advised the Human Rights program did not get federal funding that was anticipated, however they made a commitment to the Legislature and the back log would get corrected as required by the new law implemented.

Closing by Sponsor:

REP. ZOOK closed.

**HEARING ON SB 368**

**Sponsor:** SEN. BOB DEPRATU, SD 40, WHITEFISH

**Proponents:** NONE

**Opponents:** NONE

**Opening Statement by Sponsor:**

**SEN. DEPRATU** read the title of the bill and advised the passage of the Transportation Equity Act (**T21**) by Congress provided an extra \$100,000,000.00 per year for the next six years in federal matching funds. This places added stress on the Montana Highway Construction Fund, the source for the state match funds. This bill is an attempt to free up funds that can be used to match federal funds. **SEN. DEPRATU** added he felt the Highway Patrol did a fine job, they were simply being paid from the wrong fund.

**Questions from Committee Members and Responses:**

**SEN. WATERMAN** noted the title spoke to a four year phase in but could not see the break out. **SEN. DEPRATU** advised the original bill had a breakout and would probably need a amendment.

**SEN. WATERMAN** asked if the \$900,000,000.00 hit to the budget was in the Governor's Budget. **SEN. DEPRATU** stated it was not, however the \$9,000,000.00 was spread out over the next four years.

The committee discussed the actual cost and time of the phase in, however no one was clear on the specifics. Some thought it was a five year phase in totaling \$15,000,000.00. **SEN DEPRATU** advised it was \$9,000,000.00 over a four year period.

**SEN. MILLER** asked if there would be enough money for the federal match. **SEN. DEPRATU** answered yes.

**SEN. MESAROS** wanted clarification on the percent and phase in. **SEN. DEPRATU** advised the General Fund would be affected by 25% per year because the phase in was four years, not five.

**SEN. MOHL** asked if part of the money was going to fund the secondary bill that was passed. **SEN. DEPRATU** advised it would be available for any of the matching funds. **SEN. MOHL** felt if the funding wasn't changed the other project could not be

implemented. **SEN. DEPRATU** advised this bill would be very helpful with several other bills. **SEN. BECK** advised it was almost essential.

**Closing by Sponsor:**

**SEN. DEPRATU** advised this is one way to free up money and match every federal fund dollar possible.

**EXECUTIVE ACTION ON HB 3**

**Motion/Vote:** **SEN. WATERMAN** moved that **HB 3 BE CONCURRED IN.**  
**Motion carried 13-0.**

**HEARING ON SB 277 COMBINED WITH SB 278-287**

**Sponsor:** **SEN. JOHN BOHLINGER, SD 7, BILLINGS**

**Proponents:**

<b>Derek Birnic,</b>	Montana Peoples Action
<b>Sharon Hoff,</b>	Montana Catholic Conference
<b>Sheila James,</b>	Montana Peoples Action
	Summit Independent Living Center
<b>Andrea Dahl,</b>	Montana Peoples Action
	Summit Independent Living Center
<b>Byron Roberts,</b>	Montana Builders Association
<b>Ren Essene,</b>	Housing Director for Women's
	Opportunity and Resource
	Development
<b>Jeff Rupp,</b>	Human Resource Development Council
<b>Kendall Walcott,</b>	Montana Peoples Action
<b>Mick Robinson,</b>	Governor's Office
<b>Carson Strege,</b>	Montana Housing Partnership
<b>Lavonne Peck,</b>	District 7 Housing Rights
	Development Council

**Opponents:** **Robert Throssell,** Montana Association of Clerk  
 and Recorders

**Opening Statement by Sponsor:**

**SEN. BOHLINGER** read **EXHIBIT(fcs37a06)** and passed out  
**EXHIBIT(fcs37a07)** **EXHIBIT(fcs37a08)**, **EXHIBIT(fcs37a09)**,

**EXHIBIT(fcs37a10)**, **EXHIBIT(fcs37a11)**, **EXHIBIT(fcs37a12)**, and **EXHIBIT(fcs37a13)**, items from the previous hearing.

*{Tape : 1; Side : A; Approx. Time Counter : 5:10}*

**Proponents' Testimony:**

**Derek Birnie**, Montana Peoples Action, read **EXHIBIT(fcs37a14)**

**Sharon Hoff**, Montana Catholic Conference, read **EXHIBIT(fcs37a15)**.

**Sheila James** read **EXHIBIT(fcs37a16)**.

**Andrea Dahl** read **EXHIBIT(fcs37a17)**.

**Byron Robert**, Montana Builders Association, read and reviewed exhibit 13 and closed with **EXHIBIT(fcs37a18)**.

*{Tape : 1; Side : B; Approx. Time Counter : 5:20}*

**Ren Essene**, Housing Developer in Missoula and Billings and the Housing Director for Woman's Opportunity and Resource Development (**WORD**), advised the committee she had developed rental housing, rent to own, and single family homes for several low income working families. **Ms. Essene** noted in Missoula they assist in acquisition, new construction, historic preservation, and new construction. In Billings they utilize up to seven funding sources for one project. **Ms. Essene** commented it is necessary to use several sources of funding for projects because just one source was insufficient to cover the amount of the home. **Ms. Essene** thought the money from the housing trust could be used to purchase land and then utilize the other sources for construction. The other funding sources are limited and highly competitive and it takes years to package a project. **Ms. Essene** felt **WORD** had been successful because **US SENATOR CONRAD BURNS** helped secure funding for land, similar to what they would do with the Housing Trust. **Ms. Essence** advised the trust is a loan source and not a grant. There is no other source to allow a timely response to land acquisition deals or leverage other sources of financing.

**Jeff Rupp**, Human Resource Development Council, advised the housing trust fund would assist with the expiring use contracts in **HUD Section 236**, and would be used to directly reduce house payments, Gap Financing, and grant matching. **Mr. Rupp** advised it would put Montana on a level playing field with 33 other states, and solve or protect the declining housing in Montana.

**Kevin Walcott**, Montana Peoples Action, advised rent took the majority of his paycheck and was constantly increasing. There was a shortage of places to rent and therefore people were left paying higher rents and not other bills. **Mr. Walcott** advised housing is a need and he personally had no hop of owning a home without this bill because he could not afford one. {Tape : 1; Side : B; Approx. Time Counter : 5:27}

**Mick Robinson**, Governor's Office, advised the committee the Governor has worked with the Montana Housing Partnership and **SEN. CHRISTIAENS** in drafting these pieces of legislation. **Mr. Robinson** advised the concept is not new but the problem is always financing and the Governor is supporting these funding source. **Mr. Robinson** noted **SEN. CHRISTIAENS** bill would give a jump start to the fund and the fees would provide steady revenue.

**Carson Strege**, Montana Housing Partnership, read **EXHIBIT** (fcs37a19).

**LaVonne Peck**, Dist. 7 Human Resource Development Council, stressed this brings forward loans for individual families but also makes financial assistance available for housing developers, like herself, to construct or rehabilitate homes for families. **Ms. Peck** advised this would stimulate the economy through construction, furnishing purchases, and an increased tax revenue for Montana.

#### Opponents' Testimony:

**Robert Throssell**, Montana Association of Clerk and Recorders, advised the committee they were not opposed to the bill, however they did oppose the funding. **Mr. Throssell** advised the fees currently being collected are strictly for related county services and he felt if this fee structure was allowed it may set a precedence for anyone else wanting to increase fees for unrelated recording and county services.

#### Questions from Committee Members and Responses:

**SEN. BECK** wanted clarification on the Board of Housing practices, **Maureen Rudd**, Board of Housing, advised the committee their department acts as a secondary market lender. **SEN. BECK** asked if this would put the Board of Housing in the position of making loans and grants for projects and asked if the board was willing to do that. **Ms. Rudd** advised the bill is not set up for grants, only loans, and certain wording would have to be added because the Board can not bridge loans.

**SEN. BECK** asked if this was in the Governor's Budget. **Mr. Robinson** advised it was not because the Governor did not want to take money from the General Funds, however they did support the increase in recording fees.

**SEN. SHEA** asked what the complications would be with the Clerk and Recorder handling the fees. **Mr. Throssell** advised currently the fees are all collected and transferred to the County Treasurer. This would force the treasurer to separate the difference and forward it to the trust. **SEN. SHEA** asked if that would be cumbersome. **Mr. Throssell** advised that was not the concern. The concern was they would have to explain a fee for unrelated services and in essence become a tax collector.

**SEN. MESAROS** asked if the intent of this bill was to develop a corpus of a trust fund and have a long term trust identified and use the interest. **SEN. BOHLINGER** advised that was not the case, and explained the need is so great this would be a spendable trust, not similar the Coal Severance Tax Trust.

**SEN. KEATING** advised in the hand out a average median price of \$136,000.00 was listed and wanted to know what the specs on that home were. **Mr. Roberts** thought it would be a 1400 sq foot home with a garage, basement, and a \$30,000.00 lot.

**CHAIRMAN SWYSGOOD** noted he had a problem with money coming from the General Fund as it disrupts other agencies. **CHAIRMAN SWYSGOOD** stated the Fiscal Note was unclear if the \$1,000,000.00 was annual, if these were grants, and there is no repayment to any fund noted. **SEN. BOHLINGER** advised there were amendments that stated these are not grants, but loans, at rates lower income families could afford to repay. The \$1,000,000.00 is annual. The difference between the fiscal note and the \$1,000,000.00 from the fees was a start and would work in concert with **SEN. CHRISTIAENS** bill and sustain the program. *{Tape : 1; Side : B; Approx. Time Counter : 5:47}*

**CHAIRMAN KEATING** wanted to know the reasoning behind increasing taxes, even a dollar, when comments from the people indicated they are overtaxed now. **SEN. BOHLINGER** acknowledged that but felt the increase in wages and work possibilities offset the \$1.00 fee and the pay back offset the cost.

**CHAIRMAN KEATING** asked **SEN. BOHLINGER** if he was aware there was a \$5,000.00 increase in lumber fees per house because there is a lumber shortage due to the Federal Government closing the forests, thus causing loggers to lose their jobs and their houses. **SEN. BOHLINGER** had no answer.

**SEN. BECK** advised **SEN. BOHLINGER** taking money from the General Fund is going to skew the budget. The fee increase has to go to the public for a vote, and if the Clerk and Recorder is opposing this there will be a fight.

**Closing by Sponsor:**

**SEN. BOHLINGER** advised the committee there were real concerns on the impact to the General Fund because the money has already been dedicated to programs, but felt the people of Montana should have the say if they are willing to pay an extra dollar to develop the housing trust fund. **SEN. BOHLINGER** felt **SEN. CHRISTIAENS** bill was a jump start for this bill and this bill will stimulate the economy and employment opportunities. Thirty three other states who have a Housing Trust.

**SB 278 through SB287 was explained and addressed**

**Opening Statement by Sponsor:**

**SEN. BOHLINGER** advised the committee **SB 278- 287** was the funding source for **SB 277** and read each of the 10 functions fees were charged for. **SEN. BOHLINGER** noted he felt six out of the ten were related to housing.

**SEN. CHRISTIAENS** explained **SB 349** was the bill being referred to throughout the hearing and stated this bill does not pull from the General Fund, it uses \$2,000,000.00 previously allocated to the Department of Justice for the **ARCO** lawsuit that was not used.

The committee was provided a booklet of information on the Montana Housing Partnership **EXHIBIT (fcs37a20)** .



**ADJOURNMENT**

Adjournment: 6:15 P.M.

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SEN. CHUCK SWYSGOOD, Chairman

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SHANNON GLEASON, Secretary

CS/SG

**EXHIBIT (fcs37aad)**